



Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

February 17, 2025

The Honorable C. T. Wilson
Chair, House Economic Matters Committee
Room 231, House Office Building
Annapolis, MD 21401-1991

RE: House Bill (HB) 1318 – Alcoholic Beverages – Premium Cigar Lounge License – Establishment (Maryland Premium Cigar Lounge Act of 2025) – Letter of Concern

Dear Chair Wilson and Committee members:

The Maryland Department of Health (the Department) respectfully submits this letter of concern for House Bill (HB) 1318 – Alcoholic Beverages – Premium Cigar Lounge License – Establishment (Maryland Premium Cigar Lounge Act of 2025). HB 1318, if enacted, establishes a Class C-PCL (Premium Cigar Lounge) License in the Alcoholic Beverages and Cannabis Article. The license may be issued to a holder of an “other tobacco products retailer” license under § 16.5–204 of the Business Regulation Article, if the licensee: (1) sells premium cigars and pipe tobacco at retail for on-premises and off-premises use; (2) has average daily receipts from the sale of premium cigars, pipe tobacco, and related accessories that are at least 60% of the total daily receipts from the establishment; and (3) annually submits to the Executive Director and the local licensing board, in a form the Executive Director requires, a sales ratio compliance report. HB 1318 also amends Health-General Article § 24–505 to exempt establishments holding a Class C-PCL license from the Clean Indoor Air Act (CIAA).

Pursuant to HB 238 (2024), the Department convened the Workgroup on the Issuance of Alcoholic Beverages Licenses to Tobacconists to address the specific issue of alcohol licensure for tobacconists. The Department is concerned that it is premature to consider or enact legislation as the Workgroup is still working through policy issues and developing recommendations. The Workgroup is on track to submit a report on its findings and recommendations by July 1, 2025 to the General Assembly as mandated. Additionally, HB 238 (2024) prohibits the issuance of a local alcoholic beverages license to a tobacconist before July 1, 2026.

Notably, the bill contains provisions that concern the Department. HB 1318 would require that tobacconists derive a minimum of 60% of its revenues, measured by average daily sales receipts, from the sale of premium cigars, pipe tobacco, and related accessories. The 60% minimum is lower than the required 70% of revenues defined in Business Regulation Article §16.5-101(t) for tobacconists and is not consistent with the discussions taking place in the Workgroup at this time.

Although HB 1318 amends Health-General § 24-505 to exempt the new Class C-PCL license from the provisions of the CIAA, it does not address the current ambiguities in licensure that led to the creation of the Workgroup during the previous legislative session.

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at sarah.case-herron@maryland.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Laura Herrera Scott".

Laura Herrera Scott, M.D., M.P.H.
Secretary